



ANNUAL REPORT

For the Year Ended
December 31, 1935

STORES CO.

424 NORTH NINETEENTH STREET

PHILADELPHIA, PA.

OFFICE OF THE PRESIDENT

*To the Stockholders of
American Stores Company:*

The consolidated balance sheet and statement of consolidated income and surplus showing the financial condition of your Company at December 31, 1935 and the results from operations for the year 1935 are presented herewith, accompanied by the report of our auditors, Barrow, Wade, Guthrie & Co.

Net earnings for the year, after providing for depreciation and Federal and State taxes, amounted to \$2,716,241. or \$2.08 per share on 1,301,320 shares of Common Stock outstanding in the hands of the public at the year end. This compares with \$3,362,739. or \$2.58 per share on 1,301,870 shares for the preceding year.

The volume of sales has been maintained as compared to last year but increased merchandise costs, together with heavier taxes, materially reduced profits. During the year, wholesale prices moved to higher levels, however, retail prices did not improve proportionately, due to conditions confronting retailers of foodstuffs generally.

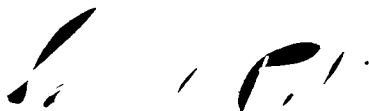
At the end of the year, the Company had in operation 2,826 stores as compared to 2,859 at the beginning of the year. Considerable improvements were made to store facilities and the plan of opening a larger and more efficient unit in place of one or more smaller stores in the same community was continued during the year.

The policy of the Company is to accrue depreciation at rates calculated to provide for the retirement of buildings, machinery and equipment at the end of their useful life. In view of the experience gained over a period of years in regard to certain equipment, including store fixtures, the rates hitherto employed have been slightly modified, resulting in a reduction of the annual provision for depreciation from \$1,055,557. in 1934 to \$922,720. in the year 1935.

On behalf of the Officers and the Board of Directors, I wish to express my appreciation of the continued loyalty and efficiency of employees throughout the organization during the past year.

Respectfully submitted,

February 29, 1936.



President.

AMERICAN STORES COMPANY

and Subsidiary Companies

Consolidated Balance Sheet

December 31, 1935

ASSETS

Current Assets

Cash.....	\$ 3,902,409.51
U.S. Government and Other Marketable Securities—at cost	2,738,952.79
(Market Value \$2,405,584.70)	
Due from Relief Agencies	805,410.66
Accounts Receivable.....	197,507.64
Inventories (Quantities and condition determined by Company— valued at lower of cost or market)	12,635,280.91
Accrued Interest Receivable	20,515.77
Total Current Assets.....	20,300,077.28
Loans to Employees—with common stock of company as collateral	545,323.12
Balances in closed banks—less reserve.....	41,006.28
Miscellaneous Investments—at cost	21,747.75
Treasury Stock—98,680 shares common stock.....	3,520,109.31

Fixed Assets

Warehouses, Store Properties, Bakeries, Canneries, Garages, etc.—at cost	\$ 21,870,031.75
Less: Reserve for Depreciation	9,748,002.18
Goodwill.....	1.00
Deferred Charges.....	436,546.86
	<u>\$ 36,986,841.17</u>

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Charges.....	\$ 2,054,513.04
Dividend Payable.....	650,660.00
Reserve for Federal and State Taxes	694,808.42
Total Current Liabilities.....	3,399,981.46
Reserve for Contingencies.....	881,256.94
Capital and Surplus	
Common Stock—no par value	
1,500,000 shares authorized	
1,400,000 shares issued and outstanding..	\$ 19,374,156.46
Earned Surplus.....	13,331,446.31
	<u>32,705,602.77</u>
	<u>\$ 36,986,841.17</u>

AMERICAN STORES COMPANY

and Subsidiary Companies

Statement of Consolidated Income and Surplus

for the Year Ended December 31, 1935

INCOME ACCOUNT

Sales.....		\$115,866,889.46
Cost of Merchandise Sold.....		<u>91,825,072.15</u>
Gross Profit.....		24,041,817.31
Wages, Rents, Operating and Administrative Expenses.....	\$ 20,061,127.41	
Depreciation.....	<u>922,720.96</u>	20,983,848.37
Profit from Operations		3,057,968.94
Other Income.....		<u>131,272.73</u>
Net Profit before Federal and State Income Taxes.....		3,189,241.67
Reserve for Federal and State Income Taxes		<u>473,000.00</u>
Net Income.....		<u><u>\$ 2,716,241.67</u></u>

EARNED SURPLUS

Balance—December 31, 1934.....	\$ 13,217,944.64
Net Income for year 1935.....	<u>2,716,241.67</u>
	15,934,186.31
Less: Dividends on Common Stock.....	<u>2,602,740.00</u>
Balance—December 31, 1935.....	<u><u>\$ 13,331,446.31</u></u>

NEW YORK, N. Y.
CHICAGO, ILL.
BOSTON, MASS.
PHILADELPHIA, PA.
SAN FRANCISCO, CAL.
LOS ANGELES, CAL.
UTICA, N. Y.
DALLAS, TEX.
HOUSTON, TEX.
DETROIT, MICH.
CLEVELAND, OHIO.
ST. LOUIS, MO.
BALTIMORE, MD.
PORTLAND, OREG.
SEATTLE, WASH.
MONTREAL, CANADA
TORONTO, CANADA
WINNIPEG, CANADA
MEXICO CITY, MEX.

BARROW, WADE, GUTHRIE & CO.

(ESTABLISHED 1883)

ACCOUNTANTS AND AUDITORS

GIRARD TRUST BUILDING
SOUTH PENN SQUARE
PHILADELPHIA, PA.

LONDON, ENGLAND
MANCHESTER, ENGLAND
LIVERPOOL, ENGLAND
NEWCASTLE, ENGLAND
GLASGOW, SCOTLAND
DUNDEE, SCOTLAND
MELBOURNE, AUSTRALIA
SYDNEY, AUSTRALIA
BUENOS AIRES, ARGENTINE
RIO DE JANEIRO, BRAZIL
PARA, BRAZIL
SAO PAULO, BRAZIL
PARIS, FRANCE
BERLIN, GERMANY
HAMBURG, GERMANY
ANTWERP, BELGIUM
CAPE TOWN, SOUTH AFRICA

*To the Board of Directors,
American Stores Company,
Philadelphia, Pa.*

We have made an examination of the consolidated balance sheet of American Stores Company and its subsidiary companies as at December 31, 1935, and of the statement of consolidated income and surplus for the year so ended. In connection therewith, we examined or tested accounting records of the Companies and obtained information and explanations from officers and employees of the Companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related statement of consolidated income and surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the Companies during the year under review, the consolidated financial position at December 31, 1935 and the combined results of their operations for the year ended that date.

BARROW, WADE, GUTHRIE & CO.,

Auditors.

Philadelphia, Pa.
February 27, 1936.

American Stores Company

OFFICERS

<i>President</i>	Samuel Robinson
<i>Vice-President</i>	Robert H. Crawford
<i>Vice-President and General Manager</i>	James K. Robinson
<i>Vice-President and Treasurer</i>	Wm. M. M. Robinson
<i>Secretary</i>	E. J. Flanigan
<i>Assistant Treasurer</i>	Wm. Gould
<i>Assistant Secretary</i>	J. V. Keers

DIRECTORS

Samuel Robinson	James K. Robinson
Robert H. Crawford	Wm. M. M. Robinson
John Eagleson	Joseph Gilfillan
E. J. Flanigan	William Park
John M. Hancock	